

## Message Text

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 00333 272253Z

66

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 DOTE-00 COME-00 SSO-00 PA-01

PRS-01 USIA-06 TAR-01 L-03 STR-04 H-02 TRSE-00 OMB-01

CIEP-01 CEA-01 SS-15 NSC-05 NSCE-00 /061 W

----- 054862

O R 272216Z JAN 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 8635

INFO AMCONSUL TORONTO

LIMITED OFFICIAL USE OTTAWA 0333

E.O. 11652: N/A

TAGS: EIND, ETRD, CA, US

SUBJ: U.S.-CANADA AUTO AGREEMENT

1. OTTAWA, TORONTO AND MONTREAL NEWSPAPERS OF JANUARY 26 ALL PROMINENTLY REPORTED THAT UNPUBLISHED U.S. INTERNATIONAL TRADE COMMISSION (ITC) REPORT CONCLUDES THAT U.S.-CANADA AUTO AGREEMENT AS IMPLEMENTED BY CANADA HAS NEVER DEVELOPED INTO A FREE TRADE ARRANGEMENT AND THAT NEARLY ALL THE BENEFITS HAVE GONE TO THE CANADIAN ECONOMY. PRESS ALSO REPORTS THAT ITC STUDY CONTENDS CANADIAN POLICIES HAVE, IF ANYTHING, BECOME SLIGHTLY MORE RESTRICTIVE SINCE THE AGREEMENT WAS SIGNED IN 1965.

2. TORONTO STAR CARRIES FOLLOWING CLAIMED DIRECT QUOTE FROM THE ITC REPORT: BEGIN QUOTE. IT IS QUITE POSSIBLE THAT THE TERMINATION OF THE AGREEMENT AND THE RE-INTRODUCTION OF DUTIES IN THE UNITED STATES ON IMPORTS OF MOTOR VEHICLES AND ORIGINAL EQUIPMENT PARTS . . . FROM CANADA WOULD CAUSE THE GOVERNMENT OF CANADA TO SEEK FURTHER COMMITMENTS FROM CANADIAN MOTOR VEHICLE MANUFACTURERS TO INCREASE THEIR PRODUCTION IN CANADA.

SUCH ACTION, COUPLED WITH THE RE-IMPOSITION OF

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 00333 272253Z

DUTIES BY THE UNITED STATES WOULD MOST LIKELY HAVE A

SERIOUS DETRIMENTAL EFFECT ON THE (U.S. CONTROLLED)  
CANADIAN MOTOR VEHICLE INDUSTRY. END QUOTE. THE STAR  
ALSO CLAIMS THAT REPORT ATTRIBUTES PORTION OF U.S. AUTO  
INDUSTRY UNEMPLOYMENT TO THE OPERATION OF THE AGREEMENT.

3. PRESS REPORTING GAVE RISE TO FOLLOWING EXCHANGE  
DURING JANUARY 26 HOUSE OF COMMONS QUESTION PERIOD  
BETWEEN ACTING PRIME MINISTER SHARP AND OPPOSITION (P.C.)  
MP KEMPLING:

KEMPLING: "MR. SPEAKER, I HAVE A QUESTION FOR THE ACTING  
PRIME MINISTER. SINCE ONE OF THE PURPOSES OF THE ANTI-  
INFLATION PROGRAM IS TO ENSURE OUR COMPETITIVE POSITION  
IN WORLD TRADE, WHEN WILL THE ACTING PRIME MINISTER BE  
MAKING A STATEMENT ON THE AUTO PACT IN VIEW OF THE STUDY  
RECENTLY COMPLETED BY THE UNITED STATES INTERNATIONAL  
TRADE COMMISSION ON THIS SUBJECT?"

SHARP: "MR. SPEAKER, LIKE THE HON. MEMBER, I HAVE SEEN  
THE PRESS REPORTS. THE STUDY ITSELF HAS NOT YET BEEN  
RELEASED. THEREFORE, WE ARE UNABLE TO COMMENT UPON ITS  
CONTENTS."

KEMPLING: "IN VIEW OF THE FACT THAT OUR TRADE DEFICIT  
IN AUTOMOTIVE TRADE UNDER THE AUTO PACT WILL BE IN  
EXCESS OF \$1 BILLION THIS FISCAL YEAR AND OUR AUTO-  
MOTIVE PARTS TRADE DEFICIT WILL BE MORE THAN \$2 BILLION,  
WILL THE ACTING PRIME MINISTER ADVISE WHEN THE STUDY  
GROUP ON THE AUTO PACT WITHIN THE DEPARTMENT OF  
INDUSTRY, TRADE AND COMMERCE WILL BE MEETING WITH  
THEIR COUNTERPARTS IN THE UNITED STATES?"

SHARP: "MR. SPEAKER, I DO NOT THINK THAT WOULD BE AN  
APPROPRIATE VEHICLE FOR SUCH DISCUSSIONS. I THINK THE  
DISCUSSION SHOULD TAKE PLACE BETWEEN THE TWO GOVERNMENTS  
AT THE MINISTERIAL OR SECRETARIAL LEVEL. MAY I  
POINT OUT TO THE HON. MEMBER THAT THE REPORT THAT  
APPEARED IN THE PAPER DOES CRITICIZE THE PACT AS  
BEING VERY ADVANTAGEOUS TO CANADA."

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OTTAWA 00333 272253Z

KEMPLING: "CAN THE ACTING PRIME MINISTER ADVISE WHETHER  
THE AMERICAN GOVERNMENT HAS REQUESTED A JOINT MEETING  
TO STUDY THE AUTO PACT? IF NOT, WILL THE CANADIAN  
GOVERNMENT INITIATE A MEETING ON THIS TRADE AGREEMENT,  
BEARING IN MIND THAT PRESIDENT FORD AGREED TO A JOINT  
TRADE STUDY ON DECEMBER 4?"

SHARP: "MR. SPEAKER, WE HAVE NOT HAD ANY REQUEST

RECENTLY FROM THE UNITED STATES GOVERNMENT FOR SUCH A MEETING. WE OURSELVES HAVE SUGGESTED THIS AND WOULD WELCOME ONE."

4. EMBASSY COMMENT: THE ABOVE COMMONS EXCHANGE APPEARS TO CONFUSE MEETINGS ON THE AUTO AGREEMENT AND MEETINGS IN CONNECTION WITH THE STUDY ON THE FUTURE OF THE NORTH AMERICAN INDUSTRY. ITC OFFICIALS WERE SOMEWHAT MYSTIFIED BY SHARP'S LAST RESPONSE AS IT HAD NOT REPEAT NOT BEEN INCLUDED IN HIS BRIEFING PAPER.  
DEPARTMENT PLEASE KEEP EMBASSY INFORMED OF DEVELOPMENTS. WOULD APPRECIATE RECEIVING COPY OF ITC STUDY AS SOON AS AVAILABLE.

JOHNSON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AUTOMOTIVE INDUSTRY, AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976OTTAWA00333  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760031-0411  
**From:** OTTAWA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760118/aaaaapfl.tel  
**Line Count:** 129  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 APR 2004 by BoyleJA>; APPROVED <17 MAY 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** U.S.-CANADA AUTO AGREEMENT  
**TAGS:** EIND, ETRD, CA, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006